



2022

# ESG REPORT

ESCO TECHNOLOGIES INC.



# // Contents



## ABOUT ESCO TECHNOLOGIES INC.

A Message from Our CEO ..... 4  
 About ESCO Technologies Inc. .... 5

## ENVIRONMENTAL

Environmental ..... 7  
 ESCO Participates in the Green  
 Business Challenge ..... 8  
 ESCO’s Subsidiary NRG Systems, Inc.  
 Makes Clean Power Possible ..... 9  
 Serving the Wind Industry ..... 10  
 Serving the Solar Industry ..... 11  
 2022 NRG Projects ..... 13  
 ESCO Environmental Footprint ..... 14

## SOCIAL

Social Highlights for 2022 ..... 18  
 Workplace Health & Safety ..... 19  
 Cyber Security ..... 20  
 Human Capital ..... 20  
 ESCO Technologies Foundation  
 and Employee Engagement ..... 22

## GOVERNANCE

Governance Highlights for 2022 ..... 26  
 ESG Governance and Oversight ..... 27  
 Ethics and Compliance ..... 28  
 Ethics at Every Level ..... 28



# ABOUT ESCO TECHNOLOGIES INC.

## // A Message from Our CEO



At ESCO Technologies, our 2,900+ employees are united in a common purpose to make the world a better place by solving many of today's most difficult technical challenges through superior engineering, precision manufacturing and world-class customer service.

We recognize the importance to our success of creating a work environment for our employees that is safe, that supports our diverse workforce, and that plays a positive role in the lives of our employees. We also recognize the risks that the impacts of climate change and the regulation of greenhouse gas emissions have on our business.

Our approach to environmental, social and governance (ESG) reflects these priorities and our ongoing commitment to respond to our stakeholders' desires for transparency, measurement and concrete action. We do this not only to be good corporate citizens, but also because we believe that these are the components of a profitable, successful company.

**“We are pleased to report that from 2021 to 2022 our Carbon intensity went down by 9.4% as our revenue grew by 19.9%.”**

The markets that we serve continue to grow and our strategy includes both organic and inorganic growth which will necessitate the expansion of our production capacity. We intend to grow in a way that allows us to maintain a culture of transparency and strong governance, as we continue to build and diversify our team and improve the efficiency of our carbon usage. With that in mind we are introducing a carbon intensity measurement which will be a key metric for us as we continue to invest in our facilities and make additions to our asset portfolio. We are pleased to report that from 2021 to 2022 our Carbon intensity went down by 9.4% as our revenue grew by 19.9%.

This year we are featuring our subsidiary NRG Systems, which plays a key role in facilitating the expanded use of utility scale renewable energy. NRG's innovative tools independently measure wind and solar energy, and provide renewable developers and operators with actionable data which informs the design, construction and operation of wind and solar facilities worldwide.

Our management team, our Board, and our employees are committed to continued improvement for each of our ESG metrics as we continue our mission to make the world more reliable, safe and secure.

A handwritten signature in black ink, appearing to read "Bryan Sayler". The signature is fluid and cursive, written over a white background.

**Bryan Sayler**  
Chief Executive Officer & President

## // About ESCO Technologies Inc.

We are:

- A global provider of highly engineered filtration and fluid control products and integrated propulsion systems for the aviation, navy, space and process markets worldwide, as well as composite-based products and solutions for navy, defense and industrial customers;
- A provider of radio frequency test solutions for manufacturers of wireless electronics, automotive and healthcare industry products; and
- A provider of diagnostic instruments, software and services for the benefit of industrial power users and the electric utility and renewable energy industries.

We conduct our business through a number of wholly-owned direct and indirect subsidiaries. Our business is focused on generating predictable and profitable long-term growth through continued innovation and expansion of our product offerings across each of our business segments. Our corporate strategy is focused on implementing highly engineered solutions for mission critical applications in long-term growth markets which place a value on precision.

This Report provides information relating to environmental, social and governance (ESG) matters for ESCO Technologies Inc. for the annual period beginning October 1, 2021 and ending September 30, 2022 and select other updates since the end of that period. In the past, we have reported ESG-related information on a calendar year basis. Our financial results, however, are reported based on a fiscal year ending September 30. For this Report, except where specifically noted, we have conformed our reporting on ESG-related information to align with our fiscal reporting period.

This Report serves to supplement the information on our corporate website. Our corporate website drives the disclosure of ESG information and our efforts to transparently inform our stakeholders about company practices and strategies that impact sustainability. The information on our corporate website is incorporated into this Report, and is available at [escotechnologies.com/corporatecitizenship/environmental-social-and-governance](https://escotechnologies.com/corporatecitizenship/environmental-social-and-governance)

In this Report, the terms “ESCO,” “we” and similar terms refer to ESCO Technologies Inc. and its subsidiaries.

### ESCO Technologies Inc. (NYSE: ESE) 2022 Highlights

The following are select highlights about ESCO’s operations and performance in 2022:

Net Sales

**\$858M**

Net Earnings

**\$82.3M**

Adjusted Earnings Per Share

**\$3.21**

Entered Orders

**\$961M**

Number of Employees Worldwide

**2,922**

Leverage Ratio

**0.78X**

Net Cash Provided by Operating Activities

**\$135M**

Number of Foreign (non-U.S) Countries in Which ESCO Operates

**17**



# ENVIRONMENTAL

## // Environmental

We recognize the risks that the impacts of climate change and the regulation of greenhouse gas emissions has on our business and our key stakeholders. In 2022, we continued our efforts to reduce our impact on the environment by adopting an enterprise-wide environmental policy,

participating in a sustainability challenge to enhance our performance, improving our process of collecting and analyzing our environmental footprint, and supporting innovative technologies that make wind and solar projects possible.



### ESCO Environmental Policy

ESCO Technologies Inc. is committed to environmental compliance and reducing its environmental footprint. We believe in using resources more efficiently to reduce our environmental impact while also enhancing our financial performance.

We seek to decrease our environmental footprint by pursuing strategies to reduce our electricity usage, fuel usage and water consumption and by measuring our progress. We track our environmental impact in several ways, including measuring greenhouse gas emissions, energy use and water consumption.

We also reduce our environmental impact due to our waste materials by:

- Ensuring all hazardous and chemical wastes from our operations are managed and disposed as per regional, state and federal regulatory guidelines and sent to appropriately licensed facilities for treatment.

- Working to reduce the quantity and toxicity of our hazardous and chemical wastes by reviewing our processes for opportunities for improvement and less toxic raw materials.
- Recycling waste materials whenever it is feasible and possible, and which can include the following materials: scrap metals, batteries, light bulbs, used electronics, paper, cardboard and plastics.

Our ESG Reports provide information about our Environmental Footprint for prior years and can be found on our website's ESG section, Environmental, Social & Governance—ESCO Technologies.

## // ESCO Participates in the Green Business Challenge



Members of ESCO's Sustainability Team and ESG Committee receive a Green Business Challenge award.

In 2022, ESCO participated in the St. Louis Green Business Challenge in support of our efforts to improve our performance in environmental sustainability. Since 2010, the St. Louis Green Business Challenge has assisted companies with integrating sustainable measures into the kinds of daily operations common to every business. The Challenge is a program of the Missouri Botanical Garden and is designed to deliver “triple bottom line” results (fiscal, social and environmental) to businesses across the region.

As a Challenge Apprentice, ESCO was expected to identify and adopt strategies that improve financial performance and reduce environmental impacts, while engaging employees toward both workplace and community benefits. ESCO achieved the following accomplishments and innovations:

- Formed a Sustainability Team at our corporate headquarters in St. Louis, Missouri;
- Created and adopted our Environmental Policy;
- Completed a lighting audit on our corporate office;
- Participated in 2022 Operation Clean Stream, a volunteer event of the St. Louis Region's Open Space Council to remove trash to clean up local waterways;
- Completed our 2020 and 2021 companywide greenhouse gas inventory;
- Replaced our old water fountains with new fountains equipped with water bottle filling stations; and
- Began communicating sustainability information with employees via email, focusing on Earth Day Events, and our ESG Report.

ESCO is registered to participate in the Challenge in 2023 at the next level of the Challenge, the Leader Level.



“Thanks for promoting the Challenge through your team’s reporting on the excellent work ESCO did in 2022. I’m thrilled to have ESCO joining the Challenge at our Leader Level this year.”

**Jean Ponzi**

Program Manager of the St. Louis Green Business Challenge



ESCO improved its headquarters with new water fountains equipped with water bottle filling stations.

“Participating in the Challenge for the first time gave us the opportunity to further define ESCO’s environmental, social and governance values, and discover opportunities to become more sustainable. We look forward to participating again next year and finding additional ways to reduce our environmental footprint and benefit our local community.”

**Justin Prien**

Director of Environmental, Health and Safety



## // ESCO's Subsidiary NRG Systems, Inc. Makes Clean Power Possible

Innovation is central to ESCO's ability to serve as a market leader. To remain highly competitive in quality, customer service and technological capabilities, we strive to anticipate market needs and continually expand our knowledge of discoveries and advancements in the field.

Innovative development of sustainable technologies, including technology for the wind and solar industry, is important to environmental sustainability. As a result, the global wind and solar sectors are proliferating, with increasing demand for cost-competitive, clean, and renewable energy to mitigate the effects of climate change. ESCO's subsidiary, NRG Systems Inc., is an important player in this industry, providing essential measurement and intelligence tools to support the development and operation of wind and solar projects.



NRG, based in Hinesburg, Vermont, is the global leader in wind and solar resource measurement and intelligence. NRG's hardware, software, and related services empower many of the world's most prominent developers to make informed decisions and improve efficiency at all stages of project development. With over 40 years of experience, NRG's heritage of innovation and deep understanding of data collection, management, and analysis drives the advancement of its turnkey solutions. NRG has shipped products to over 170 countries.

NRG's technologies have enabled the creation of hundreds of gigawatts of clean power worldwide.



## // Serving the Wind Industry

Over the last four decades, NRG has developed various instruments, sensors and other technologies utilized in wind resource assessment campaigns for gigawatts of wind power worldwide.

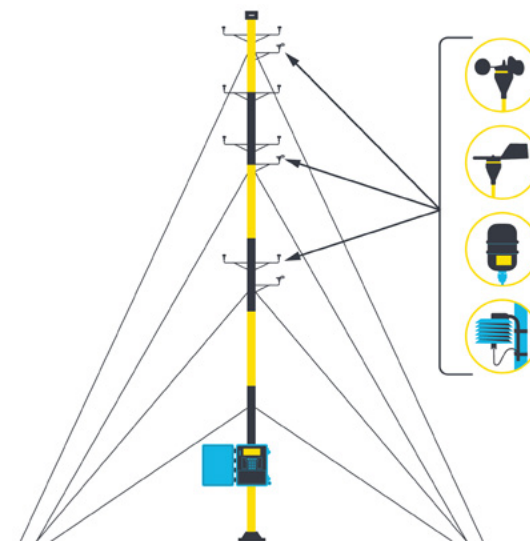
NRG's technology collects and measures wind speed and direction data at potential wind farm sites. The data collected is then analyzed to determine the long-term wind resource potential, which is crucial for making informed decisions about wind energy project development. In addition to wind resource potential, the data ultimately impacts project financing, turbine selection, and siting.

NRG Systems offers various technologies to optimize wind farm performance on operational wind sites. For example, several of the largest turbine OEMs use NRG's Turbine Control Sensor (TCS) solutions to maximize turbine energy production. Additionally, many wind farm owners and operators use Lidar and tower technology from NRG Systems to gather data to verify further and optimize wind farm energy production.

*An Illustration of an NRG Wind Mast showing how sensors are installed at several levels or heights on the tower. At these different levels, towers may be set up to measure wind speed and direction, temperature, humidity, and air pressure. All the data is stored locally on an NRG data logger before being sent to the NRG Cloud.*



*An NRG wind mast installed for a wind resource assessment campaign. These masts are typically left in the field to collect data for 24 months. The data determines the potential energy production for the site being assessed.*



## Reducing the Impact of Wind Farms on Bat Habitats

NRG recently launched bat deterrent systems for the wind industry. These nacelle-mounted ultrasonic emitters create a sound field around the rotor-swept area of a wind turbine, deterring bats and keeping them safe. Without bat deterrents, wind farms often must curtail turbines at night to avoid bat take. NRG's bat deterrent systems are an additional wind farm optimization tool, reducing energy production loss due to curtailment. NRG's bat deterrents have been deployed on numerous wind farms in North America, and they see the adoption of the technology in EMEA and APAC regions.



*Technicians installing an NRG Bat Deterrent System at the Kawaihoa wind Farm in Hawaii. Each turbine will have deterrent units pointing in several directions to ensure coverage of the entire rotor-swept area.*



*Technician installing an NRG bat deterrent system on the nacelle of a wind turbine. These ultrasonic emitters deter bats from the rotor-swept area keeping bats safe and optimizing energy production by allowing the wind farm to avoid curtailment.*

## // Serving the Solar Industry

In addition to its work in the wind industry, NRG also plays a significant role in the solar industry. NRG provides solar resource assessment and monitoring equipment, as well as data management and analysis services. NRG's products and services are used by solar developers, utilities, and independent power producers to evaluate and optimize solar power plant performance. NRG's equipment allows for accurate measurement of solar resource potential at a site, a crucial element of the successful development and operation of solar power plants.

### Solar Resource Assessment

Solar Resource Assessment (SRA) typically involves deploying an SRA measurement station during the pre-construction phase of a project for 12 months. Data is collected to assess the site's suitability as a location for a solar project. NRG's SRA stations are used by many of the prominent developers in North America, with increasing levels of adoption by customers in Europe. This rising demand is based on developers' interest in "ground-truth" measurements, which means data collected from actual ground measurements provided by SRA rather than the historical method of collecting data from satellites.



*A photo of an NRG Solar Resource Assessment (SRA) station installed for a resource assessment campaign. SRA stations will measure solar radiation, wind speed and direction, soiling, rainfall, temperature, pressure, and humidity for a given location. All these measurements are used to accurately determine solar resource availability before developing and deploying a solar farm.*



*Solar Resource Monitoring (SRM) station installed at a solar farm for one of the largest solar developers in North America. SRM stations record similar measurements to SRA stations. The data is typically fed into the solar farm's local network as an input used to monitor and optimize the ongoing performance of the solar farm.*

**SERVING THE SOLAR INDUSTRY** *Continued*



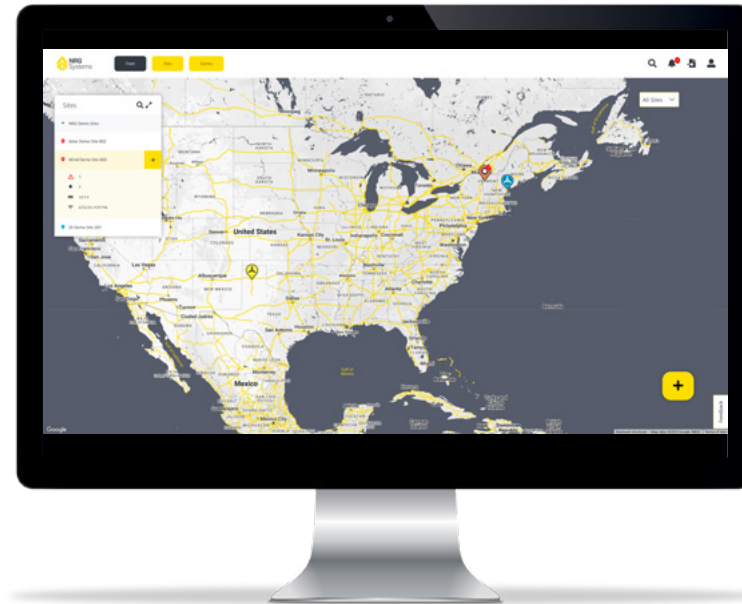
Image of an NRG Solar Resource Monitoring System on a Solar Farm. NRG offers various Flare SRM Station configurations to suit customers' site-specific needs.

**Operational Solar Monitoring**

NRG's work in solar extends beyond resource assessment. For operational sites, NRG offers Solar Resource Monitoring (SRM) stations. The stations collect data pulled directly into the solar farm's local onsite network to monitor and manage solar farm energy production.

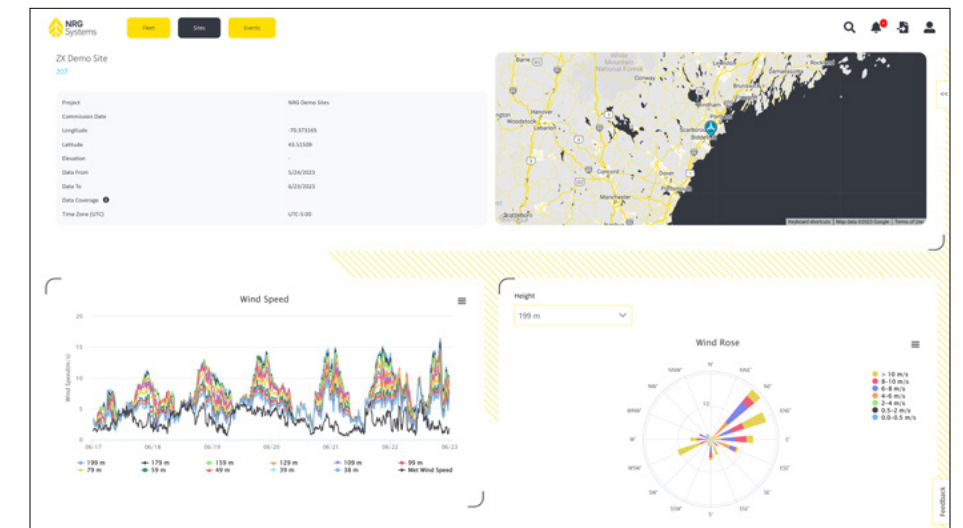
**Innovative Data Management with NRG Cloud**

Recently, NRG launched the NRG Cloud data management platform. Many prominent and influential developers depend on NRG Cloud to manage their energy resource assessment and resource monitoring portfolios across hundreds of wind and solar sites. From data ingestion, storage, and synthesis to quick and easy data sharing, NRG Cloud streamlines many processes in resource assessment workflows, saving customers time and money.



This image shows the fleet management view of the NRG Cloud. In most cases, NRG customers tend to manage fleets of sites and use the cloud to collaborate with internal and external stakeholders who need access to the data.

Many customers worldwide use the NRG Cloud platform to optimize their SRA data management workflows during campaigns. Because SRA campaigns are relatively short (only 12 months), all sensors on site must collect data accurately during this period. To ensure this ongoing performance, customers check their data often, typically weekly. The adoption of NRG Cloud makes this process more accessible than ever. Additionally, NRG Systems offers a Solar Site Monitoring Service where a team of expert NRG data analysts complete weekly data checks on behalf of customers.



Screenshot of NRG Cloud – NRG Cloud is a data management platform for wind and solar resource assessment. This screenshot shows an example of a lidar site. The NRG Cloud supports several site types and offers many features to streamline data management workflows.

## // 2022 NRG Projects



Gibson Bay wind plant. Image courtesy of Enel Green Power.

### Enel Bats South Africa

Enel Green Power, a leading renewable energy company, has launched a trial of NRG's Bat Deterrent System technology at its Gibson Bay wind plant in South Africa. The technology was installed on three of the plant's 37 turbines with remote guidance from NRG's Technical Services team. The Gibson Bay wind plant can produce 420 GWh annually, enough to power 131,000 South African households per year. Bat fatalities at

wind plants have been documented in North America, Europe, and South Africa. The South African Bat Assessment Association is leading in creating mitigation guidelines for the country's wind energy facilities. To date, NRG Systems has provided Bat Deterrent Systems to several wind plants across South Africa and continues to lead the way in bat conservation in the country.

### Enel North America

NRG will provide solar resource assessment systems to Enel North America for pre-construction measurement campaigns in all major regions of the United States. The turnkey systems capture relevant meteorological data, including soiling and albedo measurements, for accurate annual energy production estimates. In addition, the systems integrate NRG Cloud, which as described above, is a web interface that facilitates remote management of data, troubleshooting, and data logger configuration. According to Enel, NRG's SRM technology will allow them to continue identifying prime sites in various geographies across North America, enabling it to design efficient projects that contribute to its renewable energy growth targets.

### Travers Solar Project in Alberta, Canada

NRG provided solar resource monitoring systems to the Travers Solar Project in Alberta, Canada. The turnkey systems capture a range of site-specific parameters, including solar irradiance, module temperature, soiling conditions, and albedo, a vital piece in determining the solar energy potential available to the backside of the plant's bifacial solar modules. In addition, the data collected by NRG's SRM Systems are critical in determining the Travers Solar Project's performance ratio.

The 465 MW Travers Solar Project, the largest utility-scale PV plant ever installed in Canada, was developed by Calgary-based Greengate Power Corporation, with PCL leading the construction of the 3,300-acre facility. U.S.-based Ulteig, who selected NRG's technology for the plant's resource monitoring needs, oversees SCADA engineering and integration.

## // ESCO Environmental Footprint

Our Report provides information about the electric, fuel and water usage of all locations owned, operated or leased by ESCO and its subsidiaries for the two annual periods beginning October 1, 2020, and ending September 30, 2022. For facilities such as small sales offices, usage was estimated.

In past reports, we have reported information about our environmental footprint on a calendar year basis. Our financial results, however, are reported based on a fiscal year ending September 30. For this Report we have conformed our reporting on ESG-related information to align with our fiscal reporting period except where specifically noted. As such, ESG-related information reported for the 2021 period previously provided in last year’s ESG report has been re-provided for the new reporting period.

Ongoing changes to our owned and leased sites present challenges in accurately making year-to-year comparisons. As we relocate facilities, buy or sell businesses, or invest in new locations, our number of active sites and total square footage fluctuates significantly. For those facilities that were acquired or disposed of mid-period, we have included data for that portion of the period that ESCO owned or leased the facilities.

During the period covered by this report, we acquired multiple businesses which have added to our environmental footprint. In October 2020, we acquired Advanced Technology Machining, Inc. and its affiliate TECC Grinding, Inc.; in July 2021, we acquired I.S.A Altanova Group S.r.l. and its affiliated companies; in August 2021 we acquired the assets of Phenix Technologies Inc.; and in November 2021 we acquired Networks Electronic Company, LLC.

### Carbon Emissions and Intensity

We collect and report data on our two categories of greenhouse (GHG) emissions: Scope 1 Emissions and Scope 2 Emissions.

- **Scope 1 Emissions** are direct GHG emissions that occur from sources we control or own. This includes emissions from our use of fuels at our facilities and fugitive emissions of refrigerants.
- **Scope 2 Emissions** are indirect GHG emissions from our purchase of utilities, meaning electricity purchased and used by our owned and leased facilities.

We classify our business operations into three segments for financial reporting purposes, although for reporting certain financial information we treat Corporate activities as a separate segment. In this report, we are reporting our carbon emissions by segment as follows: Aerospace & Defense, Utility Solutions Group, RF Shielding and Test, and Corporate.

We are also reporting carbon intensity calculated as tons of total carbon emissions per dollar of sales revenue.

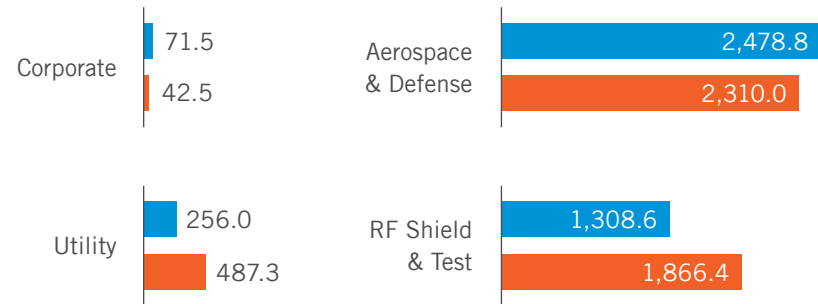
GHG EMISSIONS*	FY2021	FY2022
Scope 1 MtCO <sub>2</sub> e	4,114.9	4,706.3
Scope 2 MtCO <sub>2</sub> e	10,339.5	10,986.3
Total MtCO <sub>2</sub> e	14,454.3	15,692.5
Carbon Intensity per unit of sales revenue (MtCO <sub>2</sub> e/million US\$)	20.2	18.3

\* MtCO<sub>2</sub>e means metric tons of carbon dioxide equivalent.

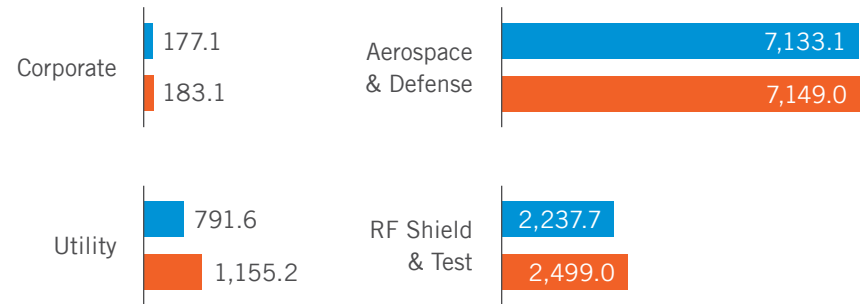
## ESCO ENVIRONMENTAL FOOTPRINT *Continued*

### Carbon Emissions by Segment (■ FY 2021 ■ FY 2022)

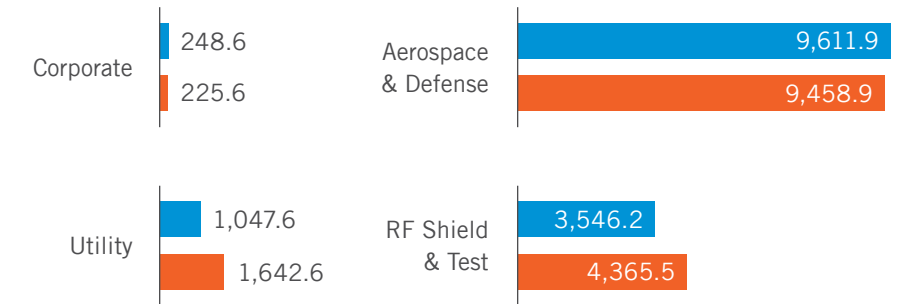
#### Scope 1 Emissions by Segment (MtCO<sub>2</sub>e)



#### Scope 2 Emissions by Segment (MtCO<sub>2</sub>e)



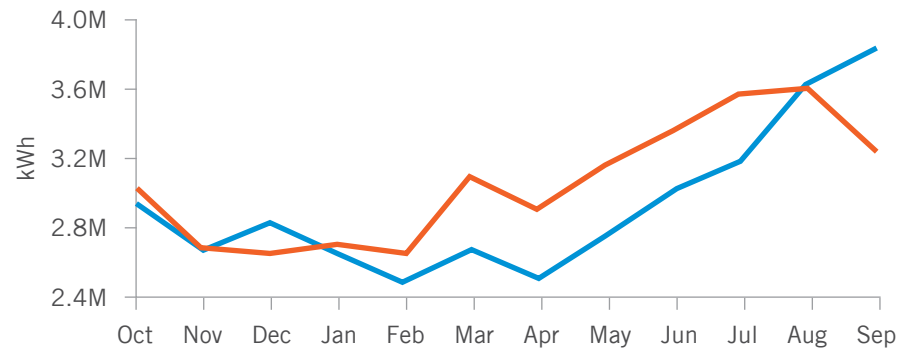
#### Total GHG Emissions by Segment (MtCO<sub>2</sub>e)



## Energy Use

### Electric Usage

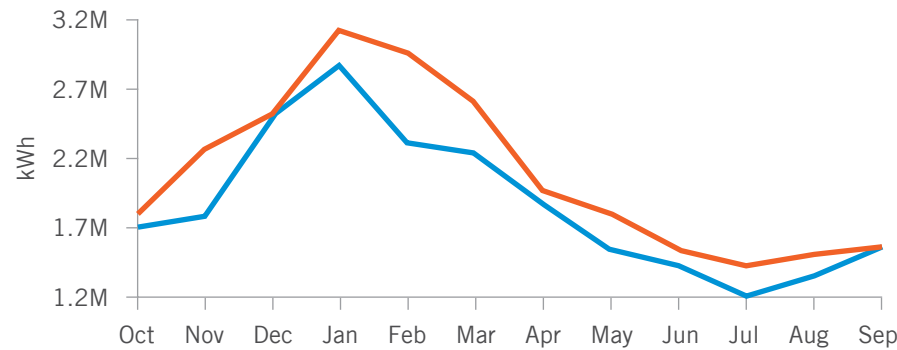
Total electric usage increased by **4.28%** from 35.04MM to 36.54MM kWh



■ Oct. 2020–Sept. 2021 Total: 35.04MM kWh  
 ■ Oct. 2021–Sept. 2022 Total: 36.54MM kWh

### Fuel Usage

Total fuel usage increased by **12.29%** from 22.37MM to 25.12MM kWh

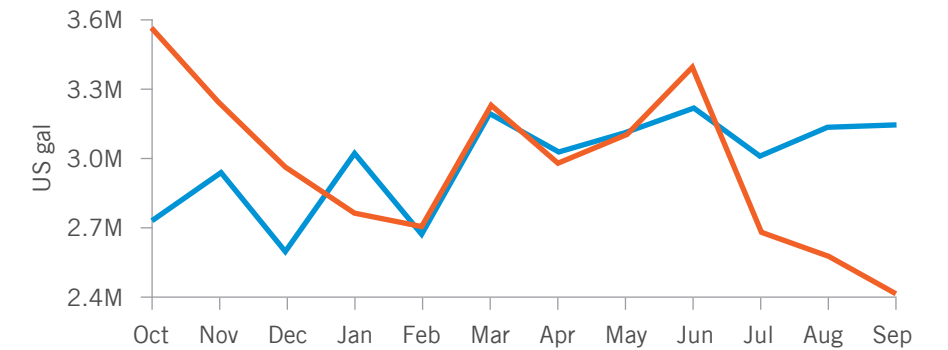


■ Oct. 2020–Sept. 2021 Total: 22.37MM kWh  
 ■ Oct. 2021–Sept. 2022 Total: 25.12MM kWh

## Water Usage

### Usage

Total water usage decreased by **0.53%** from 35.7MM to 35.51MM US gal



■ Oct. 2020–Sept. 2021 Total: 35.7MM US gal  
 ■ Oct. 2021–Sept. 2022 Total: 35.51MM US gal

**ESCO ENVIRONMENTAL FOOTPRINT** *Continued*

**Renewable Energy**

We continue to evaluate opportunities to increase our use of renewable energy as part of our operations. Certain of our facilities have access to existing solar arrays that produce renewable energy used in facility operations.

	FY2021	FY2022
<b>Total Renewable Energy Produced (kWh)</b>	478,150	717,662



**Waste Management and Recycling**

We recognize the importance of responsible waste management and recycling to our operations and environmental footprint. The majority of waste generated by our subsidiaries is classified as non-hazardous according to federal, state, and local regulations. Hazardous and chemical wastes are responsibly stored, packaged, and shipped to licensed treatment facilities for proper disposal in accordance with legal requirements. All of our subsidiaries have waste management programs in place to ensure the proper classification and disposal of wastes produced. Our subsidiaries recycle waste materials whenever practical and feasible and which can include the following materials: scrap metals, batteries, light bulbs, used electronics, paper, cardboard and plastics.

In addition to recycling, our subsidiaries’ manufacturing sites review possible process and material changes that can reduce the toxicity and/or volume of wastes being produced.

The following table provides information about total hazardous waste generated at our facilities as well as US domestic and foreign hazardous waste generation, reported on a calendar year basis. This is the first year we are reporting this data in our ESG Report.

<b>TOTAL HAZARDOUS WASTE PRODUCED CY 2022 (TONS)</b>	
<b>Foreign</b>	3.0
<b>United States</b>	338.9
<b>Total</b>	341.9

*Waste volumes are based on records of the quantities of waste shipped.*





# SOCIAL

## // Social Highlights for 2022

Percentage of workforce minorities by race

48%

Employees as of September 30, 2022  
(2,894 full time employees)

2,922

Years average workforce tenure

9

Percentage of females in our workforce

24%

Amount in grants by ESCO Foundation to support charitable organizations, scholarships, and employee hardship cases

\$354K

Percentage of our employees who are outside the United States  
(17 foreign countries)

18%



## // Workplace Health & Safety

We are committed to creating a safe working environment at all ESCO facilities and promoting a culture which values employee safety as a top priority. In 2022, we began a process of implementing enhancements to our regulatory and safety compliance program, including creating a regulatory registry for all of our operating facilities to assist local safety personnel in complying with Environmental, Health and Safety (EHS) regulatory requirements. Our program also includes planned periodic audits of our U.S.-based facilities and training for EHS personnel. The goal of these improvements is to create a more complete environmental management system for our operations.

Each of our subsidiaries has employees designated with responsibility for safety programs specific to those subsidiaries. We have equipment and procedures to protect employees in their work and we train employees on safety procedures and proper protocol. We require all ESCO companies to comply with applicable local, state and federal safety laws and regulations.

### ESCO Global Health and Safety Performance

The following presents our safety statistics on a calendar-year basis. Terms used are as defined by the Occupational Safety and Health Administration (OSHA).

	CY2022	CY2021	CY2020
<b>Total Fatalities</b>	0	0	0
<b>Total Lost Time Injuries</b>	16	22	20
<b>Total Recordable Injuries</b>	65	67	63
<b>Total Recordable Injury Rate</b>	2.27	2.44	2.25
<b>Total Lost Time Injury Rate</b>	0.56	0.8	0.71

*Total Recordable Injury Rate measures the number of safety incidents reported against the number of workers present and the number of hours worked. According to OSHA, that rate is calculated as follows: number of incidents in the reporting period x 200,000 / total hours worked in the reporting period. Total Lost Time Injury Rate refers to the rate of incidents that result in a disability or an employee missing work due to an injury. According to OSHA, the rate is calculated as follows: number of lost time injuries in the reporting period x 200,000 / total hours worked in the reporting period.*

## // Cyber Security

As information technology security threats increase in frequency and sophistication, cyber security is a risk of increasing importance at ESCO. To address these risks, we continue to enhance our use of technologies and internal controls to protect our systems, networks and data.

Our Board's Audit and Finance Committee annually reviews cyber security risk exposures, as well as the policies and controls ESCO management has implemented to manage and mitigate risks. On a quarterly basis, the Committee reviews management's assessment and overview of cyber security and information technologies risks and any required remediation actions.

We have developed and are implementing a cyber security program tailored to address cyber security risks and requirements for the companies which make up each of our three operating segments. This program combines the standards of the US Department of Defense Cybersecurity Maturity Model Certification (CMMC) program and the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF). ESCO's program is designed to not only comply with cyber security standards required of our subsidiaries that serve as government contractors, but also to make use of enhanced standards and best practices to protect all ESCO companies from increasing cyber threats.

ESCO's cyber security program also includes monthly employee training and testing, information security policies and procedures, third-party monitoring of our networks and systems, and maintenance of backup and other protective systems. These efforts include engaging a third party cyber security service to monitor ESCO networks in real time in order to find undetected threats, uncover security gaps and improve threat visibility.

## // Human Capital

We strive to be a responsible member of the communities in which we operate, and we are dedicated to preserving operational excellence and remaining an employer of choice. We provide and maintain a work environment that attracts, develops and retains top talent by offering our employees an engaging work experience that contributes to their career development. Through the ESCO Foundation and wellness activities we provide opportunities for civic involvement that support our communities and provide our employees with meaningful experiences that promote collaborative and rewarding work environments. We strive to maintain a culture that enables all employees to be treated with dignity and respect while performing their jobs to the best of their abilities. We operate in a supportive culture that incorporates strong ethical behavior and reinforces our human rights commitment through annual training on ethics, human rights, anti-human trafficking and anti-harassment.

Our subsidiaries enjoy modest turnover at about half the national average for our industry. We invest in creating a diverse, inclusive and safe work environment to inspire our employees to give their best efforts every day. In fact, nearly half of our employee base comes from diverse backgrounds.

We generally conduct formal compensation benchmarking reviews every 1–2 years to ensure wages are competitive in local markets and support our retention and recruiting efforts. Additionally, we invest time and resources in reviewing pay equity within our workforce. The majority of full-time domestic and international employees are eligible for bonus or commission plans, most of which are designed to incentivize and reward performance based on results such as EPS, EBIT, cash flow, quality and backlog reduction, or other measures.

We recognize that our success is based on the talents and dedication of those we employ, and we are invested in their success. Significant investments are made in the areas of talent development, technical skills and compliance training in areas such as supervisor training, employee coaching, ethics, safety, hazmat, ITAR, etc. For succession planning purposes, we focus on identifying high-potential future leaders and working with them on individual development plans and executive coaching.

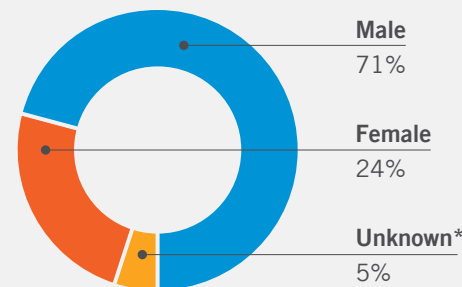
**HUMAN CAPITAL** *Continued*

Attracting and retaining a talented workforce is of utmost importance. Given the ever-changing talent market, we have looked to broaden the ways in which we can recognize and reward performance, including more frequent merit increases, market adjustments, spot bonuses, and other creative ways to recognize and reward employees. While utilizing these and other measures, at the end of our fiscal year the average tenure of our workforce was nine years. One third of employees have been with us for 10 or more years and more than 50% of employees have been with us for five or more years.

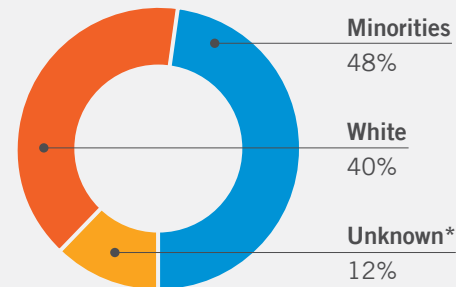
We are committed to the health and wellbeing of our employees and their families by encouraging participation in wellness programs. Generally, all our full-time employees, both domestic and international, are offered health and welfare benefits. We remain committed to our communities through the financial support of the ESCO Foundation, and through personal participation of our employees with a variety of local organizations, such as food banks, blood drives, the Boys & Girls Club, and Habitat for Humanity. We believe strong human capital is a competitive differentiator, and we focus on ensuring we have the right domestic and international talent in place to drive our strategic initiatives not only today but well into the future.

**Workforce Composition** (AS OF SEPTEMBER 30, 2022)

**By Gender**

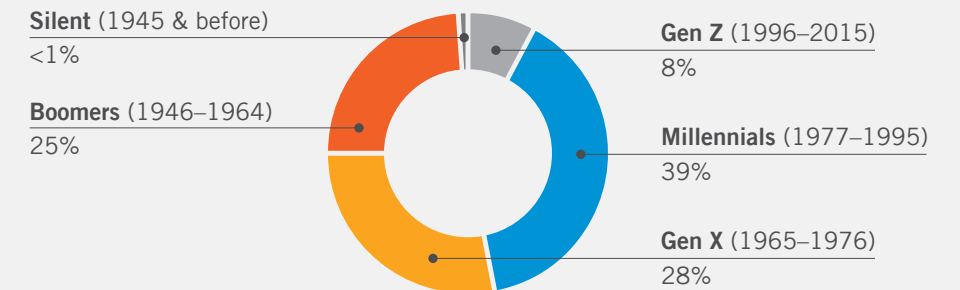


**By Race**



\* Some countries do not permit the collection or reporting of some or all of the above types of data.

**By Generation**



*Minorities are defined to include individuals of Native American or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, and Two or More Races.*

*The above is based on employees' self-identification or other information believed by the Company to be reliable.*

## // ESCO Technologies Foundation and Employee Engagement



The ESCO Technologies Foundation was established in 2005 and is dedicated to providing financial support to charities focused on helping children and families in the communities where ESCO and its subsidiaries have operations. The Foundation's goal is to make a meaningful contribution to each charity and respective community.

Through the Foundation, ESCO offers opportunities for corporate and subsidiary employees to support activities in the regions where they work. All U.S. employees have the opportunity to contribute financially to the ESCO Technologies Foundation through direct contribution, stock designations, and payroll deductions. These dollars go towards the Foundation's philanthropic causes, including scholarships awarded to the children of ESCO employees, employee hardship grants and grants to the Foundations' core charities.

In 2022, the Foundation gave \$354,000 in grants to support charitable organizations, scholarships, and employee hardship cases. The Foundation gave almost \$275,000 in grants to its core charities, which are typically supported on a recurring basis with annual donations. The Foundation awarded \$26,000 in employee hardship grants to support members of ESCO's workforce that were facing extremely challenging circumstances. In addition, the Foundation awarded \$33,000 in scholarships to the children of eleven employees. Since the Foundation's scholarship program began, 159 scholarships totaling \$462,250 have been awarded.

Additional information about the ESCO Technologies Foundation is available on the Foundation website at [www.escotechnologiesfoundation.org](http://www.escotechnologiesfoundation.org).

Here are highlights from employee donations and local volunteer efforts, including efforts through the ESCO Technologies Foundation.



### NRG Systems, Inc. Supports the Vermont Foodbank

NRG employees believe wholeheartedly in giving back to their community. This year, NRG employees submitted nominations for organizations they wished to support. Over 20 nominations were submitted, and employees voted to select Vermont Foodbank because they felt

“people need to eat.” The mission of the Vermont Foodbank is to gather and share quality food and nurture partnerships so that no one in Vermont goes hungry. NRG presented Vermont Foodbank a “check” representing the collective donations of both NRG and the Foundation.

**ESCO TECHNOLOGIES FOUNDATION AND EMPLOYEE ENGAGEMENT** *Continued*



**Mayday Manufacturing Co. Participates in Holiday Helping Hands**

Mayday partnered with the Denton County MHMR Center in support of their Holiday Helping Hands program. Denton County MHMR provides support for individuals with mental health issues or a developmental disability diagnosis, including a crisis hotline, clinical assessments, and outpatient and residential treatment services. This year Mayday employees helped brighten the holidays for 40 people by purchasing gifts identified on cards on the organization’s Helping Hands Angle Tree.

**Globe Composite Solutions, LLC Adopts a Family for the Holidays**

This holiday season Globe employees supported the Adopt-a-Family program at Family and Community Resources (FCR). The family consisted of a young mother and her three small children (aged 6, 2 and 8 months). Globe selected FCR as a core charity in 2022 and the Foundation made its first grant of \$5,000. The organization provides a welcoming, inclusive, and safe environments for survivors of trauma, including those impacted by domestic and sexual violence, substance abuse, and bereavement. The families served by FCR struggle during the holidays as they strive to conquer what often feels like insurmountable challenges.

Globe received a thank you letter from FCR that included “Please extend my biggest thank you to those involved! The kids got some wonderful things. Without your kindness and great heart, it would not have been the same!”



**ESCO Employees Volunteer for Clean Rivers**

ESCO Technologies Inc. sponsored the 55<sup>th</sup> Annual Operation Clean Stream trash removal day at Castlewood State Park in St. Louis, Missouri. ESCO employees also volunteered at the event to remove trash to clean up the river running through the park. The volunteer day was part of the St. Louis Region’s Open Space Council and its overall efforts to ensure the long-term health of local waterways.

**ESCO TECHNOLOGIES FOUNDATION AND EMPLOYEE ENGAGEMENT** *Continued*

**Doble Engineering Employees Volunteer for Charities**

Doble Engineering Company sponsored an employee volunteer day in support of two of their core charities—Cradles to Crayons and Marlborough Community Cupboard. Doble and Phenix employees also spent time making quilts to donate in support of Ukrainian refugee relief efforts.



*Marlborough Community Cupboard*



*Cradles to Crayons*



*Doble Employees Making Quilts*



**ESCO Supports Toys for Tots**

ESCO Technologies Inc. employees supported Toys for Tots this holiday season. Two local Marines stopped by to pick up donated toys and joined employees for a holiday breakfast. Over the past 64 year, the U.S. Marine Corps Reserve Toys for Tots program has distributed more than 400 million toys to children in need across the country.







# GOVERNANCE

## // Governance Highlights for 2022

The full Board exercises oversight responsibility for material risks, and delegates oversight of other risks to the appropriate committees

All directors other than the CEO are independent

Competitive share ownership guidelines for directors and executive officers

All committee chairs are independent

Executive compensation driven by pay for performance

Each director attended at least 75% of Board and committee meetings

Annual shareholder vote on executive compensation

100% of employees receive ethics training

Executive officers and directors may not hedge or pledge company shares

Board conducts self-assessments annually

Independent directors review CEO performance annually

Robust clawback policy for executive compensation plans

Average tenure of independent directors is 9 years

Three of our eight directors are diverse in gender and/or ethnicity

Median age of independent directors is 63 years

2 female directors added to Board since 2019

Independent directors hold executive sessions during each Board meeting

## // ESG Governance and Oversight

ESCO's Board of Directors is ultimately responsible for overseeing ESCO's risk management and corporate strategy. This includes oversight of risks relating to environmental, social and governance matters and the focus of our ESG program.

Our Nominating and Corporate Governance Committee assists the Board in its oversight responsibilities relating to our ESG program. The Committee assesses our ESG program at least annually and reports its findings to the Board. The Committee's annual report to the Board includes proposed changes with respect to our ESG strategy, policies and metrics, as well as an assessment of progress of our ESG program.

Our ESG Committee was formed in 2022 to provide high-level leadership and strategic focus for our corporate-wide ESG efforts. Our ESG Committee reports directly to the Nominating and Corporate Governance Committee of the Board. Our ESG Committee is governed by a Committee Charter to guide the Committee's activities and describe its duties, which include:

- identifying ESG focus areas
- implementing and monitoring ESG initiatives
- communicating and engaging with stockholders, employees and other stakeholders
- monitoring broader ESG developments
- advising ESCO management on ESG risk assessment and management
- assisting management with ESG policy development, establishing goals and monitoring progress
- managing ESG reporting, including the annual ESG Report

Additional information about our Board and Governance are available in the periodic reports we file with the U.S. Securities and Exchange Commission, which are available in our Investor Center on our corporate website [escotechnologies.com](https://www.escotechnologies.com).

### ESG Committee Members in 2022

**Kimberly Chapman**

ESG Committee Chair,  
Assistant General Counsel

**Chris Tucker**

Senior Vice President and  
Chief Financial Officer

**David Schatz**

Senior Vice President,  
General Counsel & Secretary

**Debbie Hanlon\***

Vice President, Human Resources

**Kate Lowrey**

Vice President, Investor Relations

**Justin Prien**

Director of Environment, Health & Safety

*\* Ms. Hanlon retired from ESCO in December 2022 and has been replaced by Steve Savis, Chief Human Resources Officer*

## // Ethics and Compliance

### Creating a Culture of Ethics and Integrity

At ESCO, our practices originate from an unwavering commitment to act with ethics and integrity. We promote these ideals by creating a culture that values honesty, by being transparent about our actions, by promoting accountability, by fostering collaboration and by providing leadership that supports these priorities.

Operating our businesses within this framework is crucial to enhancing our reputation in the global marketplace and to maintaining the trust of our key stakeholders, including our shareholders, customers, and employees. These values also support our efforts to enhance the returns for our shareholders and attract and retain key talent.



## // Ethics at Every Level

ESCO's expectations for employee behavior are evident at every level of our organization.

### Corporate Ethics Committee

Our Corporate Ethics Committee is responsible for monitoring and addressing risks relating to ethical conduct and compliance with our Code of Business Conduct and Ethics. The Committee manages ESCO's ethics program which ensures compliance with ethical business standards and practices and addresses ethical issues that arise within ESCO. The Committee meets quarterly to review ethics complaints and ensure consistent and adequate corrective actions. The Committee keeps all identifying information private. The Committee also provides ethics reports to ESCO's Nominating and Corporate Governance Committee and to ESCO management, who actively engage in conversations about our disciplinary action program.

The Committee is comprised of ESCO's General Counsel, Ethics Ombudsman, Chief Human Resources Officer and one or more other senior ESCO management personnel.

### Accounting Ombudsman

The Audit Committee of ESCO's Board has also established procedures for receiving and addressing complaints of accounting, internal controls and auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal accounting controls and auditing matters. This includes the appointment of an accounting ombudsman who is responsible for investigating these types of issues and who is experienced in accounting issues but not under the direct control of the Chief Financial Officer.

### Ethics Officers and Hotline

Our expectations for ethical behavior apply at our subsidiary level, which is demonstrated by the following:

- Each operating subsidiary has a designated ethics officer who oversees adherence to our ethics policies.
- We mandate annual employee training for all employees on our Business Code of Conduct and Ethics at both the corporate and subsidiary levels.

**ETHICS AT EVERY LEVEL** *Continued*

- If an issue does arise, all ESCO employees have access to multiple reporting channels. These channels include contacting their direct supervisor, individuals in their chain of command, their human resources department, their local and/or corporate ethics officer, and our confidential ethics hotline.
- Our Ethics Ombudsman oversees the hotline and ensures all callers to the hotline have the option to report anonymously, to the extent allowed by law. All employees are free to report concerns without the fear of retaliation, which is strictly prohibited under our Business Code of Conduct and Ethics.

**Codes Governing Ethical Conduct**

ESCO's Code of Business Conduct and Ethics sets the tone for our culture of responsibility. This broad set of standards applies to all employees of ESCO and our subsidiaries. These standards among other things, prohibit conflicts of interest, require the protection and proper use of our company assets, and create a duty to act with integrity and in compliance with laws and our employment and safety policies.

Our Code of Ethics for Senior Financial Officers acts as a supplement to the ESCO Code of Business Conduct and Ethics. The purpose is to promote honest and ethical conduct and compliance by our senior persons performing financial duties. We require our leaders to provide full, fair, accurate, timely and understandable disclosure in SEC filings, and to report to the Audit and Finance Committee potentially fraudulent activity, deficiencies in internal controls for financial data, and potential violations of securities or other laws.

**Vendor Code of Conduct**

We expect the companies that we work with in our supply chain to follow the same standards of integrity and ethical conduct. ESCO subsidiaries have processes and procedures to perform appropriate due diligence and vetting of their suppliers and third-party sales agents to confirm that these business partners operate their businesses with ethical standards.

In 2022 we updated our Vendor Code of Conduct to reflect these expectations, which now requires companies in our supply chain to among other things:

- Conduct their businesses in accordance with the standards in ESCO's Code of Business Conduct and Ethics
- Abide by ESCO's Human Rights Policy, ESCO's Human Anti-Trafficking Policy and in full compliance with all applicable laws
- Respect employees' rights to freedom of association and collective bargaining, which includes the right to join, form or not to join a works council without fear of reprisal, intimidation or harassment
- Uphold and respect human rights as set out in the United Nations International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work

**Legal Compliance**

Many of our subsidiaries manufacture products or operate in sectors that are subject to a high-degree of regulation and oversight. Some products are prohibited from being exported to certain parties or countries, thus requiring a high-level of control and diligence to ensure compliance with all applicable regulations.

Each subsidiary is responsible for recognizing the regulatory landscape in which it operates, and for understanding the requirements that it must meet to stay in full compliance with all applicable laws related to its industry and products. For subsidiaries who ship products internationally, each has designated personnel who are responsible for adhering to applicable laws, manage exports and screen shipments to ensure ESCO products are not sold to ineligible customers.

Our policies relating to ESG and Corporate Governance, including Our Code of Business Conduct & Ethics, Vendor Code of Conduct and Code of Ethics for Senior Financial Offices, are available on our website at

[escotechnologies.com/corporate-citizenship/environmental-social-and-governance](https://escotechnologies.com/corporate-citizenship/environmental-social-and-governance)



Our corporate website contains additional information about key areas of focus for our ESG and corporate responsibility efforts. We encourage our stakeholders to visit our corporate website, [escotechnologies.com](https://escotechnologies.com), for information on our continuing commitment to diversity and human rights, the health and safety of our workforce, and the integration of sustainability into our business.

Questions or comments regarding this Report can be directed to:

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